

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 414 - HB 778**

February 13, 2017

**SUMMARY OF BILL:** Establishes for the purpose of the *Private Investigators Licensing and Regulatory Act* that a person who conducts background investigations for employment screening purposes is not required to attain a license as a private investigator.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue –\$3,500/Private Investigation and Polygraph Commission**

Assumptions:

- Pursuant to Tenn. Code Ann. § 62-26-202(8), relative to private investigators, the definition of “person” includes any individual firm, association, company, partnership, corporation, nonprofit organization, institution, or similar entity; therefore, this bill will apply to licensed companies which hire private investigators as well as individually licensed private investigators.
- Based on information provided by the Department of Commerce and Insurance, this bill will result in two private investigating firms, each currently licensed as private investigators with the Private Investigation and Polygraph Commission (PIPC), from no longer being required to hold a license to conduct background checks for employment screening purposes. The two firms each employ over five private investigators, and combined, employ a total of 49 private investigators.
- Pursuant to PIPC rule 1175-01-.11, a license is required for a firm, based on the number of private investigators employed by the firm, and each individual private investigator is required to hold license.
- A biennial license fee for a private investigation company which employs over five private investigators is \$1,000.
- Annualized, a recurring decrease in state revenue of \$1,000 [(2 companies x \$1,000) / 2 years].
- The biennial license fee for an individual private investigator is \$100.
- Annualized, a recurring decrease in state revenue of \$2,450 [(\$100 x 49) / 2 years].
- The total recurring decrease in state revenue to the PIPC is estimated to be \$3,450 (\$1,000 + \$2,450).
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two- year period. The PIPC experienced a surplus of \$49,167 in

FY14-15, a surplus of \$19,416 in FY15-16, and a cumulative reserve balance of \$391,423 on June 30, 2016.

- Given the cumulative reserves held by the PIPC as of June 30, 2016 (\$391,423), and the estimated recurring decrease in state licensure fee revenue to the PIPC (\$3,450), it is assumed that the PIPC will not be required to reduce expenditures for the purpose of remaining self-supporting pursuant to Tenn. Code Ann. § 4-29-121. As a result, any impact to state expenditures is estimated to be not significant.

## **IMPACT TO COMMERCE:**

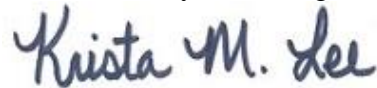
### **Decrease Business Expenditures - \$3,500**

#### Assumptions:

- Individual private investigators and firms in this state which work as or employ private investigators will experience a recurring decrease in business expenditures from no longer being required to be licensed with the PIPC.
- The recurring decrease in business expenditures is estimated to be \$3,450.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jdb